

**REMARKS/ARGUMENTS**

On July 11 and July 12, 2005 the undersigned and Examiner Colbert discussed the proposed amendments to the claims of the present case. The Examiner's courtesy during these telephone calls was much appreciated. The amendments to previously pending claims 20 and 27, reflect suggestions provided by the Examiner for addressing §112 issues.

The present amendment amends claims 20 and 27, and adds new claims 31-34. Thus following entry of this amendment, claims 20, 27 and 31-34 are pending in this application.

**Response to the 35 USC §103 Rejection of Claims 20 and 27:**

The discussion below sets forth points discussed with the Examiner for distinguishing the present claims over the references. It is respectfully submitted that as clearly detailed below the method of claim 20 provides for a unique three step optimization process. It should be noted that providing for an optimization which takes into account the effect of both taxed and non-taxed investments, and which takes into account the fact that many mutual funds have certain investment minimums, is a very computationally demanding process, and ***the three step process provided herein is designed to provide an efficient approach for utilizing processing power to achieve the optimization.*** It is respectfully submitted that as discussed in detail below, the process recited by claim 20, is very different than any optimization process disclosed in the references.

In summary form, the three step optimization of claim 20 provides for:

1. first step- running the optimization routine using different sets of predetermined initial weights to the potential investments;
2. second step-if the first step does not identify an optimal solution, identifying a result from the first step, and using the identified result as starting point for re-running the optimization routine (using only investments with a non-zero weight from the first result);
3. third step-after obtaining an optimal result during either the first step or the second step, re-running the optimization routine to account for an investment minimum which corresponds to a mutual fund to be held in the portfolio.

It is respectfully submitted that the above three-step process is very different than anything in either of the references discussed in the 4/21/05 Office Action. Indeed, it is respectfully submitted that based on a review of the both Frank et al (US 2002/0013754) and Magigoncalda (US 5,918,217), that neither of these references appears to provide any discussion regarding accounting for mutual fund minimum investment amounts. Even more significant than the fact that both of the references fail to mention that many mutual funds have set investment minimum amounts, is the fact that neither reference provides an optimization routine, where an optimal solution is first identified without any investment minimum constraints, and then after identifying an unconstrained optimal solution, the optimization routine is run again to account for a mutual fund investment minimum amount.

Indeed, it is this specific three-step optimization routine which is integral to the claim 20, where the third step provides for accounting for an investment minimum amount of a mutual fund. It is respectfully submitted that neither of the references appear to provide any operation which is similar to the process recited by claim 20. Thus, it is respectfully submitted that claim 20 and its dependent claims are patentable over the references.

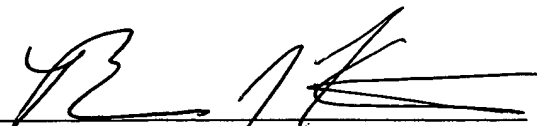
### CONCLUSION

For the reasons set forth above, it is believed that all claims present in this application are patentably distinguished over the references, and in condition for allowance. Therefore, reconsideration is requested, and it is requested that this application be passed to allowance. It is respectfully requested that the Examiner call the undersigned at (415) 772-4904 if the Examiner has any questions regarding this response.

Respectfully submitted,

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